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**CENTRAL INTELLIGENCE GROUP**  
**INTELLIGENCE REPORT**

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## SUPPLEMENT

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1. The over-all situation within USIVA is reported as unfavorable. All attempted business transactions with Switzerland have proved abortive as the result of Swiss insistence on certificates of origin for all goods. Previous shipments from USIVA factories to Switzerland for sale in the Swiss Confederation have been returned to Austria. Further attempts to secure hard cash in Austria, Czechoslovakia, or Switzerland have been unsuccessful. The Swiss now state that even if USIVA obtains the certificates of origin, they will no longer deal directly with USIVA accounts in Switzerland but only with the Austrian National Bank, in accordance with the clearing agreement between Switzerland and Austria.

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3. As a result of its inability to conclude business transactions abroad, USIVA's warehouses are crammed with goods which cannot be unloaded for dollars or other hard currency. Some of these goods are being sent to the USSR in order to cancel USIVA's \$1,000,000 debt. Other goods, which are unacceptable to Moscow, are being traded with the administrations of ex-enemy property in Hungary and Romania for goods which are acceptable to the USSR. Major Sagarin is reported to have recently concluded a barter arrangement with the Soviet Administration of Ex-German Property in Hungary, but details are not known. Although USIVA is very busy with this barter, it must handle it without Moscow's knowledge and acquires no profit through such deals. The transportation of goods to and from Hungary and Romania is carried out by Fuzhtrans.

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4. prior to the arrival of the inspection commission from Moscow, the bank had made large schilling loans to Soviet agencies in Vienna, including about 300,-000.000 schillings to USWA. The commission expressed dissatisfaction with this and ordered the bank to collect all the money owed it. This increased the bank's schilling holdings considerably. Late in August 1947, Moscow ordered the bank to place all minimum amounts of schilling deposits at the disposal of the Soviet purchasing units located in Paniglgasse 20 and Kaerntnerring 14. At the same time, these purchasing units were instructed by Moscow to buy up at any price large quantities of metals, metal products, electrical equipment, textiles, and leather goods and forward them to the USSR.

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This document is hereby regraded to  
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letter of 16 October 1978 from the  
Director of Central Intelligence to the  
United States.  
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learned that recently one purchasing unit bought from Boehler Stahlwerke 20,000,000 schillings worth of high quality sheet steel.

5. The Soviet Military Bank and the above-mentioned purchasing units are military organizations subordinate to the Central Group of Forces Trade Section in Moedling bei Wien. The purchasing units are buying up goods all over Austria through merchants acting as purchasing agents. Through the Central Group of Forces, Moscow has informed the purchasing units that all goods ordered since late in August 1947, may be brought to Vienna by private firms; however, all shipments of such goods out of Austria to the Soviet Union must be made by military transport. Yuzhtrans has been specifically forbidden to participate in such shipments to the USSR. [ ] believes that military guards are used in order to prevent any checking by Austrian or Allied agencies.

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